

STATEMENT OF

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Subcommittee on the Western Hemisphere

My name is Luis Lauredo, and I have served as U.S. Ambassador to the Organization of American States, as well as Coordinator for the Presidential Summits of the Americas I (Miami 1994) and III (Quebec City 2001) attended by President Clinton and President Bush respectively.

I come to give you my reflections on the state of U.S. - Latin America relations today as someone who has spent most of his career in the private sector, combined with public office, and has traveled and continues to travel extensively in the area.

First, the good news. This Hemisphere is enjoying democratic governments in 34 of its 35 nations, and a commitment to open market economies, free trade and economic integration.

The bad news is that this democracy is increasingly fragile, threatened by a new wave of populist and undemocratic governance fueled by the despair arising out of growing poverty and economic disparity between the very rich and the very poor. In short, the loss of hope.

A little background on how we got here. A new era of U.S. - Latin American relations was launched with the NAFTA agreement negotiated by President George Herbert Bush. Inherited by newly elected President Bill Clinton, who, against almost unanimous and aggressive opposition in his own party, fought for and obtained Congressional approval.

While much has been written about NAFTA, its most important result was the psychological impact of the admission of a Latin country into full and equal partnership with the two dominant “Anglo” powers, the U.S. and Canada. This had significant resonance in Latin America.

This spirit led to the calling of the first meeting of all democratically elected leaders in the Hemisphere, the First Summit of the Americas in 1994, which launched a new architecture of

hemispheric relations based on two mutually agreed pillars: (i) democracy and reinforcement of democratic institutions; and (ii) economic prosperity based on a recognition that free market economies and the integration of the hemisphere (Free Trade Area of The Americas - FTAA), which would serve to alleviate and eliminate poverty.

This policy architecture has been ratified and re-enforced in the two subsequent Summits.

It is important to remember that this is not a U.S. designed policy, but one mutually arrived at by 34 sovereign democratic nations on three different occasions.

It is important also to highlight that it has served as the framework of U.S. policy with three U.S. Presidents of different parties. It has been a rare case of bi-partisan policy which has raised expectations that the U.S. was finally on its way to what is most needed in our Latin America diplomacy; what I call “sustained engagement”.

I personally experienced this phenomenon. I served a Democratic President as U.S. Coordinator for the III Summit of the Americas. The newly elected Republican White House asked me to stay on, and the policy positions worked on in the preceding period were accepted, with few changes, by the new President.

I lived the enthusiasm and vision launched by President Clinton in the Summit process in 1994 and witnessed the interest of President Bush for Latin America and his extraordinary personal dynamics with his hemisphere colleagues in Quebec City in 2001.

A new era was dawning.

And then something happened.

It is ironic that Secretary of State Colin Powell was in Latin America (Lima, Peru) signing the historic InterAmerican Democratic Charter when tragedy struck: September 11.

Latin America receded into the background. While we correctly focused on the war on terrorism, there was strong support from our hemisphere allies, and understanding of our immediate priorities. But as months turned into years, our hemisphere neighbors felt we were sliding back to our regretful historical pattern towards Latin America: benign neglect.

Well, that is the past, and how we got here. Our challenge today is not to look for blame, but to fix a new course for the future.

I offer the following suggestions and concrete recommendations

(1) Sustained engagement. Return our U.S. policy towards Latin America to a consistent and bi-partisan approach that assures continuity of our sharing vision of democracy and economic prosperity for the people of Latin America and the Caribbean.

(2) CAFTA-DR. I urge the members of the House of Representatives to approve the agreement between Central America, the Dominican Republic and the U.S. this week. CAFTA-DR should have strong bi-partisan support. It is an initiative born out of the FTAA process, initiated by Democratic President Bill Clinton and negotiated by Republican President Bush. Failure of the Congress to ratify CAFTA-DR would have devastating psychological and real effects on our relationship with our neighbors in the Hemisphere. It will be viewed as a breach of trust and a frustration of a common vision.

A lot of us still remember the 1980's in Central America when we struggled to establish democracy. We poured millions of dollars in military assistance that divided this Congress and

this nation and almost brought down a President. The region is now governed by democracy and the hope of creating economic prosperity through trade. We need to stand by our friends. CAFTA-DR is good for the region and is good for the United States.

(3) Public Diplomacy. Our biggest failure in the area today is our inability to articulate the ideals of our country based on our heritage of democracy and liberty while our enemies promote sophisticated campaigns of dis-information and outright lies while we have unilaterally disarmed the institutions and vehicles that expressed our values to the people of the Americas. We must return to a strong program of telling America's story in our hemisphere.

(4) New threats to democracy. Today's threats to democratic institutions are more subtle but more dangerous. The days of military coups are over, but the phenomena of democratically leaders governing undemocratically is a serious threat to the political stability of our Hemisphere. Just as dangerous, and operating under the guise of "participatory democracy", a new era of mob rule is emerging. By mobilizing relatively small segments of disaffected citizens to take to the streets, governments have been toppled. This is particularly concerning when losers in democratic elections lead these demonstrations in the pursuit of personal power.

We must also dedicate more resources to helping build political parties. Democracy cannot be institutionalized and stable in the face of collapsing political parties being replaced by populist movements usually led by a new breed of caudillos.

(5) Fight Poverty. As stated before, democratic stability is shaken by profound poverty. We must take the lead as the economically dominant nation of the hemisphere, and one in which economic opportunity and upper mobility is a big part of our heritage, and take the lead

to address these unacceptable conditions. We must more forcefully disclose and attack corruption, promote entrepreneurship and attack oligarchic capitalism prevalent in the area.

(6) Increase and promote Americans of Hispanic heritage in the development and implementation of U.S. foreign policy in the Hemisphere. The United States is the fourth largest Spanish speaking nation in the world. Our talented Hispanic-American population is a natural asset grossly under utilized by the foreign policy establishment in the United States.

(7) Multilateralism. We must re-dedicate and re-focus our efforts to work more closely in the Hemisphere through the Organization of American States. Here, the Congress has a special role for our commitment to this organization should be combined with a serious effort of reform and modernization of its operations and procedures. If properly re-tooled, the OAS can be the most effective way to carry out our common goals. We should insist, however, on the concept that shared values must be accompanied by shared responsibilities.

In my view, the Americas is the most important strategic part of the world for the United States. It is our natural sphere of influence. We share a continent, values, culture and people.

The U.S. Congress and the Administration must work together to make our common dreams a reality.